

IC 23-18**ARTICLE 18. LIMITED LIABILITY COMPANIES**

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IC 23-18-1**Chapter 1. Definitions**

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IC 23-18-1-1**Citation of article**

Sec. 1. This article may be cited as the "Indiana business flexibility act".
As added by P.L.8-1993, SEC.301.

IC 23-18-1-2**Application of definitions**

Sec. 2. The definitions of this chapter apply throughout this article.
As added by P.L.8-1993, SEC.301.

IC 23-18-1-3**"Articles of organization"**

Sec. 3. "Articles of organization" means the articles of organization described by IC 23-18-2-4 and any amended or restated articles of organization.
As added by P.L.8-1993, SEC.301.

IC 23-18-1-4**"Business trust"**

Sec. 4. "Business trust" means a business trust or a foreign business trust (as defined in IC 23-5).
As added by P.L.8-1993, SEC.301.

IC 23-18-1-5 "Contribution"

Sec. 5. "Contribution" means any cash, property, services rendered, or a promissory note or other binding obligation to contribute cash or property or to perform services that a person transfers to a limited liability company in the capacity as a member.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-6 "Corporation"

Sec. 6. "Corporation" means a domestic corporation or a foreign corporation (as defined in either IC 23-1 or IC 23-17).

As added by P.L.8-1993, SEC.301.

IC 23-18-1-7 "Distribution"

Sec. 7. "Distribution" means a direct or an indirect transfer of money or other property or the incurrence or the transfer of indebtedness by a limited liability company to or for the benefit of its members in respect of their interests in the limited liability company. A distribution may be in the form of a declaration or payment of a dividend, purchase, redemption, or other acquisition of an interest, a distribution of indebtedness, or otherwise. The term does not include:

- (1) amounts constituting reasonable compensation for past or present services or reasonable payments made in the ordinary course of business under a bona fide retirement plan or other benefit program; or
- (2) the making of or payment or performance upon a bona fide guaranty or similar arrangement by a limited liability company to or for the benefit of its members.

However, the failure of an amount to satisfy subdivision (1), or of a payment or performance to satisfy subdivision (2), is not determinative of whether the amount, payment, or performance is a distribution.

As added by P.L.8-1993, SEC.301. Amended by P.L.130-2006, SEC.26; P.L.40-2013, SEC.5.

IC 23-18-1-8 "Event of dissociation"

Sec. 8. "Event of dissociation" means an event that causes a person to cease being a member of a limited liability company as provided by IC 23-18-6-5.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-9 "Foreign limited liability company"

Sec. 9. "Foreign limited liability company" means an entity that is:

- (1) an unincorporated association organized under the laws of a state other than Indiana or another jurisdiction, including a foreign country;
- (2) organized under a statute that affords each member of the entity limited liability with respect to the activities and ownership of the entity; and
- (3) not required to obtain a certificate of registration as a foreign limited partnership under IC 23-16 or qualify to transact business as a foreign business trust under IC 23-5.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-10 "Interest"

Sec. 10. "Interest" means a member's economic rights in the limited liability company, including the member's share of the profits and losses of the limited liability company and the right to receive distributions from the limited liability company.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-11 "Limited liability company" or "domestic limited liability company"

Sec. 11. "Limited liability company" or "domestic limited liability company" means an entity that is an unincorporated association organized under this article.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-12 "Limited partnership"

Sec. 12. "Limited partnership" means an Indiana limited partnership or foreign limited partnership (as defined in IC 23-16).

As added by P.L.8-1993, SEC.301.

IC 23-18-1-13 "Majority in interest of the members"

Sec. 13. "Majority in interest of the members" means the members who have made more than fifty percent (50%) of the agreed value, as stated in the records of the limited liability company, of the total contributions made by all members, to the extent that the contributions have not been previously returned.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-14 "Manager"

Sec. 14. "Manager" means, with respect to a limited liability company whose articles of organization provide for a manager, a person designated in accordance with the authority under IC 23-18-4-1(b).

As added by P.L.8-1993, SEC.301.

IC 23-18-1-15 "Member"

Sec. 15. "Member" means a person admitted to membership in a limited liability company under IC 23-18-6-1 and as to whom an event of dissociation has not occurred.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-16 "Operating agreement"

Sec. 16. "Operating agreement" means any written or oral agreement of the members as to the affairs of a limited liability company and the conduct of its business that is binding upon all the members.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-17 "Person"

Sec. 17. "Person" means an individual, a corporation, a general or limited partnership, an association, a limited liability company, a foreign limited liability company, a business trust, or another legal or commercial entity.

As added by P.L.8-1993, SEC.301.

IC 23-18-1-18 "Principal office"

Sec. 18. "Principal office" means the office, within or outside of Indiana, so designated in the biennial report where the principal executive offices of a domestic or foreign limited liability company are located.

As added by P.L.8-1993, SEC.301. Amended by P.L.11-1996, SEC.26.

IC 23-18-1-19 "State"

Sec. 19. "State" refers to a state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

As added by P.L.8-1993, SEC.301.

IC 23-18-2**Chapter 2. Organization and Powers**

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23-18-2-11	Repealed
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23-18-2-13	Repealed

IC 23-18-2-1 Organization; purpose; regulation

Sec. 1. (a) A limited liability company may:

- (1) be organized under this article for any business, personal, or nonprofit purpose; and
- (2) conduct business in any state for any lawful purpose;

unless a more limited purpose is set forth in its articles of organization.

(b) A limited liability company must comply with any statute that regulates the limited liability company's business.

As added by P.L.8-1993, SEC.301. Amended by P.L.40-2013, SEC.6.

IC 23-18-2-2 Powers

Sec. 2. Unless the limited liability company's articles of organization provide otherwise, every limited liability company has the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, including the following:

- (1) Sue, be sued, complain, and defend in its name.
- (2) Make and amend operating agreements, not inconsistent with its articles of organization or with the laws of this state, for managing the business and regulating the affairs of the limited liability company.
- (3) Purchase, receive, lease, or otherwise acquire and own, hold, improve, use, and otherwise deal with real or personal property, or any legal or equitable interest in property, wherever located.
- (4) Sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of all or any part of its property.
- (5) Except as otherwise prohibited by this article:
 - (A) purchase, receive, subscribe for, or otherwise acquire;
 - (B) own, hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of; and
 - (C) deal in and with shares, interests, obligations, or other securities of;any corporation, partnership, association, limited liability company, foreign limited liability company, or business trust.
- (6) Make contracts and guarantees, incur liabilities, borrow money, and issue notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, franchises, or income.
- (7) Lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment.
- (8) Be a promoter, a stockholder, a partner, a member, a manager, an associate, or an agent of any corporation, partnership, limited liability company, foreign limited liability company, joint venture, trust, or other enterprise.
- (9) Conduct its business, locate offices, and exercise the powers granted by this article within or outside Indiana.

- (10) Elect or appoint managers, agents, and employees, define their duties, fix their compensation, and lend them money and credit.
- (11) Pay pensions and establish and administer pension plans, pension trusts, profit-sharing plans, welfare plans, qualified and nonqualified retirement plans, and benefit or incentive plans for any or all of its current or former managers, employees, and agents.
- (12) Make donations for public welfare, charitable, scientific, or educational purposes.
- (13) Transact any lawful business that will aid governmental policy.
- (14) Indemnify and hold harmless any member, manager, agent, or employee from and against any and all claims and demands, except in the case of action or failure to act by the member, agent, or employee which constitutes willful misconduct or recklessness and subject to any standards and restrictions set forth in a written operating agreement.
- (15) To the extent authorized by the licensing authority (as defined in IC 23-1.5-1-9) provide professional services (as defined in IC 23-1.5-1-11).
- (16) Make payments or donations or do any other act that furthers the business and affairs of the limited liability company.
- (17) Adopt, either in the limited liability company's articles of organization or written operating agreement, a provision establishing exclusive jurisdiction in the circuit or superior courts of any county in Indiana or in the United States district courts of Indiana, for:
 - (A) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee, or agent of the limited liability company to the limited liability company;
 - (B) any action asserting a claim arising under:
 - (i) any provision of this article; or
 - (ii) the limited liability company's articles of organization or operating agreement;or
 - (C) any actions otherwise relating to the internal affairs of the limited liability company.

As added by P.L.8-1993, SEC.301. Amended by P.L.63-2014, SEC.28.

IC 23-18-2-3 Professional licensing or regulatory authorities; powers

Sec. 3. Except for the prohibitions in this article concerning the personal liability of members, managers, employees, and agents of a limited liability company organized under this article, nothing in this article is intended to restrict or limit in any manner the authority and duty of any licensing authority (as defined in IC 23-1.5-1-9) or to regulate the provision of professional services (as defined in IC 23-1.5-1-11) within Indiana, notwithstanding that the member, manager, or employee of a limited liability company is providing professional services or engaging in the practice of a profession through the limited liability company.

As added by P.L.8-1993, SEC.301.

IC 23-18-2-4 Formation; articles of organization; contents

Sec. 4. (a) At least one (1) person may form a limited liability company by causing articles of organization to be executed and filed for record with the office of the secretary of state. A person does not need to be a member of the limited liability company at the time of formation or after formation has occurred.

(b) Articles of organization shall contain the following:

- (1) The name of the limited liability company.
- (2) The street address of the limited liability company's registered office in Indiana and the name of the limited liability company's registered agent at that office.
- (3) The latest date upon which the limited liability company is to dissolve, or a statement that the duration of the limited liability company is perpetual until dissolution in accordance with this article.

(4) If the articles of organization provide for a manager or managers, a statement to that effect.

(5) Any other matters not inconsistent with this article that the members agree to include, including any matters that are required to be or may be included in an operating agreement under this article.

As added by P.L.8-1993, SEC.301.

IC 23-18-2-5 Amendment of articles of organization

Sec. 5. (a) Articles of organization of a limited liability company may be amended by filing articles of amendment of the articles of organization in the office of the secretary of state. The articles of amendment must contain the following:

- (1) The name of the limited liability company.
- (2) The date the articles of organization were filed.
- (3) The amendment to the articles of organization.

(b) Articles of organization of a limited liability company may be amended at any time that the members determine provided that the articles of organization as amended contain only provisions that may be lawfully contained in articles of organization at the time the amendment is made.

As added by P.L.8-1993, SEC.301.

IC 23-18-2-6 Restated articles of organization

Sec. 6. (a) Articles of organization may be restated at any time. Restated articles of organization must:

- (1) be filed with the secretary of state;
- (2) be specifically designated as "restated articles of organization"; and
- (3) state in the heading or in a separate paragraph the limited liability company's present name, and if the name has been changed, all of its former names and the date of filing of its original articles of organization.

(b) A restated articles of organization may include one (1) or more amendments to the articles of organization. If the restated articles of organization include an amendment, the amendment must be adopted as provided in section 5 of this chapter.

As added by P.L.8-1993, SEC.301. Amended by P.L.121-1994, SEC.2.

IC 23-18-2-7 Filing articles with secretary of state; notice

Sec. 7. The fact that articles of organization of a limited liability company are on file in the office of the secretary of state is notice that the limited liability company has been organized and is notice of all other facts that are required to be set forth in the articles of organization under section 4 of this chapter and that are set forth in the articles of organization.

As added by P.L.8-1993, SEC.301.

IC 23-18-2-8 Repealed

As added by P.L.8-1993, SEC.301. Amended by P.L.178-2002, SEC.105; P.L.119-2015, SEC.70; P.L.170-2016, SEC.15. Repealed by P.L.118-2017, SEC.98.

IC 23-18-2-9 Repealed

As added by P.L.8-1993, SEC.301. Amended by P.L.277-2001, SEC.22; P.L.119-2015, SEC.71; P.L.170-2016, SEC.16. Repealed by P.L.118-2017, SEC.99.

IC 23-18-2-9.5 Repealed

As added by P.L.277-2001, SEC.23. Repealed by P.L.119-2015, SEC.72.

IC 23-18-2-10 Repealed

As added by P.L.8-1993, SEC.301. Amended by P.L.63-2014, SEC.29. Repealed by P.L.118-2017, SEC.100.

IC 23-18-2-11 Repealed

As added by P.L.8-1993, SEC.301. Repealed by P.L.118-2017, SEC.101.

IC 23-18-2-12 Repealed

As added by P.L.8-1993, SEC.301. Amended by P.L.228-1995, SEC.26. Repealed by P.L.118-2017, SEC.102.

IC 23-18-2-13 Repealed

As added by P.L.8-1993, SEC.301. Repealed by P.L.118-2017, SEC.103.

**IC 23-18-3 Chapter 3. Relations of Members and Managers to Persons
Dealing With a Limited Liability Company**

23-18-3-1	Members and managers as agents; companies existing on or before June 30, 1999
23-18-3-1.1	Members and managers as agents; companies formed after June 30, 1999
23-18-3-2	Notice to member or manager imputed to company; exceptions
23-18-3-2.5	Officers
23-18-3-2.6	Intent; validity of operating agreements and acts before July 1, 2014
23-18-3-3	Personal liability of members, managers, agents, or employees
23-18-3-4	Professional services; liability
23-18-3-5	Member as party to proceeding

**IC 23-18-3-1 Members and managers as agents; companies existing on or
before June 30, 1999**

Sec. 1. (a) Unless otherwise provided in a written operating agreement, a limited liability company existing under this article on or before June 30, 1999, is governed by this section.

(b) Except as provided in subsection (c), each member is an agent of the limited liability company for the purpose of the limited liability company's business or affairs, and the act of any member, including the execution in the name of the limited liability company of an instrument for apparently carrying on in the usual way the business or affairs of the limited liability company, binds the limited liability company, unless:

- (1) the acting member does not have authority to act for the limited liability company in the particular matter; and
- (2) the person with whom the member is dealing has knowledge of the fact that the member does not have the authority to act.

(c) If the articles of organization provide for a manager or managers, and except to the extent provided in the articles of organization:

- (1) a member acting solely in the capacity as a member is not an agent of the limited liability company; and
- (2) each manager is an agent of the limited liability company for the purpose of its business or affairs, and the act of any manager, including the execution in the name of the limited liability company of any instrument, for apparently carrying on in the usual way the business or affairs of the limited liability company binds the limited liability company, unless the manager so acting does not have authority to act for the limited liability company in the particular matter, and the person with whom the manager is dealing has knowledge of the fact that the manager does not have the authority to act.

(d) An act of a manager or a member that is not apparently for the carrying on in the usual way the business of the limited liability company does not bind the limited liability company unless authorized in accordance with a written operating agreement or by the unanimous consent of all members at any time.

As added by P.L. 8-1993, SEC. 301. Amended by P.L. 269-1999, SEC. 1.

**IC 23-18-3-1.1 Members and managers as agents; companies formed after
June 30, 1999**

Sec. 1.1. (a) A limited liability company formed under this article after June 30, 1999, is governed by this section.

(b) Except as provided in subsection (c) or the articles of organization, each member is an agent of the limited liability company for the purpose of the limited liability company's business or affairs, and the act of any member, including the execution in the name of the limited liability company of an instrument for apparently carrying on in the usual way the business or affairs of the limited liability company, binds the limited liability company, unless:

- (1) the acting member does not have authority to act for the limited liability company

in the particular matter; and

(2) the person with whom the member is dealing has knowledge of the fact that the member does not have the authority to act.

(c) If the articles of organization provide for a manager or managers, and except to the extent provided in the articles of organization:

(1) a member acting solely in the capacity as a member is not an agent of the limited liability company; and

(2) each manager is an agent of the limited liability company for the purpose of its business or affairs, and the act of any manager, including the execution in the name of the limited liability company of any instrument, for apparently carrying on in the usual way the business or affairs of the limited liability company binds the limited liability company, unless the manager does not have authority to act for the limited liability company in the particular matter, and the person with whom the manager is dealing has knowledge of the fact that the manager does not have the authority to act.

(d) An act of a manager or member that is not apparently for the carrying on in the usual way the business of the limited liability company does not bind the limited liability company unless authorized in accordance with a written operating agreement or by the unanimous consent of all members at any time.

As added by P.L.269-1999, SEC.2.

IC 23-18-3-2 Notice to member or manager imputed to company; exceptions

Sec. 2. (a) Except as provided in subsection (b), notice to a member of a matter relating to the business or affairs of the limited liability company and the knowledge of the member acting in the particular matter acquired while a member or of which the person had knowledge at the time of becoming a member, and the knowledge of any other member who reasonably could and should have communicated the knowledge to the acting member, is notice to the limited liability company, except in the case of a fraud on the limited liability company committed by or with the consent of that member.

(b) If the articles of organization provide for a manager or managers:

(1) notice to a manager of a matter relating to the business or affairs of the limited liability company, and the knowledge of the manager acting in the particular matter, acquired while a manager or of which the person had knowledge at the time of becoming a manager, and the knowledge of any other manager who reasonably could and should have communicated the knowledge to the acting manager, is notice to the limited liability company, except in the case of a fraud on the limited liability company committed by or with the consent of that manager; and

(2) notice to or knowledge of any member of a limited liability company while the member is acting solely in the capacity of a member is not notice to or knowledge of the limited liability company.

As added by P.L.8-1993, SEC.301.

IC 23-18-3-2.5 Officers

Sec. 2.5. If the written operating agreement of a limited liability company provides for officers as permitted by IC 23-18-4-4(a)(3), the following apply:

(1) Each officer has those powers and duties:

(A) set forth, generally or specifically in the written operating agreement; or

(B) otherwise delegated to an officer from time to time by the:

(i) manager or managers of a manager-managed limited liability company; or

(ii) member or members of a member-managed limited liability company;

in a manner consistent with the written operating agreement.

(2) Each officer has the status of an agent of the limited liability company for purposes of section 3 of this chapter.

(3) If an officer acts within the officer's apparent authority to carry on the business of

the limited liability company in the usual way, the officer's actions bind the limited liability company to the same extent as the actions of a manager would bind a limited liability company under section 1.1(c)(2) and 1.1(d) of this chapter.

(4) Notice to an officer of a matter relating to the business or affairs of the limited liability company, or the knowledge of the officer acting in the particular matter, is notice to the limited liability company to the same extent that notice to a manager or knowledge of a manager would be treated as notice to a limited liability company under section 2(b)(1) of this chapter.

As added by P.L.40-2013, SEC.7. Amended by P.L.63-2014, SEC.30.

IC 23-18-3-2.6 Intent; validity of operating agreements and acts before July 1, 2014

Sec. 2.6. Section 2.5 of this chapter and IC 23-18-4-4(a)(3) are not intended to adversely affect the validity of:

- (1) any provision of a written operating agreement in effect before July 1, 2014, that:
 - (A) provides for an officer or officers; or
 - (B) sets forth the powers or duties of an officer or officers; or
- (2) any act by an officer before July 1, 2014.

As added by P.L.63-2014, SEC.31.

IC 23-18-3-3 Personal liability of members, managers, agents, or employees

Sec. 3. (a) A member, a manager, an agent, or an employee of a limited liability company is not personally liable for the debts, obligations, or liabilities of the limited liability company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, manager, agent, or employee of the limited liability company. A member, a manager, an agent, or an employee of a limited liability company may be personally liable for the person's own acts or omissions.

(b) This article and Indiana law exclusively govern any conflict between Indiana law and the laws of another state with regard to the liability of a member, a manager, an agent, or an employee of a limited liability company organized and existing under this article for the debts, obligations, or liabilities of the limited liability company, or for the acts or omissions of other members, managers, agents, or employees of the limited liability company.

As added by P.L.8-1993, SEC.301.

IC 23-18-3-4 Professional services; liability

Sec. 4. (a) This article does not alter any law applicable to the relationship between a person rendering professional services and a person receiving professional services, including liability arising out of the professional services.

(b) A person rendering professional services as a member, a manager, an employee, or an agent of a limited liability company is personally liable for the consequences of the person's acts or omissions to the extent provided by Indiana law or the laws of another state where the person is considered responsible.

As added by P.L.8-1993, SEC.301.

IC 23-18-3-5 Member as party to proceeding

Sec. 5. A member of a limited liability company may not be made a party to a proceeding by or against a limited liability company solely by reason of being a member of the limited liability company, except:

- (1) when the object of the proceeding is to enforce a member's right against or liability to the limited liability company; or
- (2) in an action brought under IC 23-18-8-1.

As added by P.L.8-1993, SEC.301.

IC 23-18-4**Chapter 4. Rights and Duties of Members and Managers**

23-18-4-1	Authority of members or managers
23-18-4-2	Acts and omissions liability; trustee for personal benefits derived through company; duties of member in company providing for manager
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23-18-4-11	Resignation of manager
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IC 23-18-4-1**Authority of members or managers**

Sec. 1. (a) Unless the articles of organization provide for a manager or managers, management of the business or affairs of the limited liability company is vested in the members. Subject to any provisions in the operating agreement or this article restricting or enlarging the management rights and duties of any person or group or class of persons, the members have the right and authority to manage the affairs and make all decisions of the limited liability company.

(b) If the articles of organization provide for a manager or managers, except to the extent that the operating agreement reserves the authority to any members or class or group of members, the manager or managers have the authority to manage the business or affairs of the limited liability company. Unless otherwise provided in a written operating agreement, a manager or managers:

- (1) must be designated, appointed, elected, removed, or replaced by a vote, approval, or consent of a majority in interest of the members;
- (2) do not need to be members of the limited liability company or natural persons; and
- (3) unless they have been earlier removed or have earlier resigned, shall act as managers until their successors have been elected and qualified.

As added by P.L.8-1993, SEC.301.

IC 23-18-4-2**Acts and omissions liability; trustee for personal benefits derived through company; duties of member in company providing for manager**

Sec. 2. (a) Unless otherwise provided in a written operating agreement, a member or manager is not liable for damages to the limited liability company or to the members of the limited liability company for any action taken or failure to act on behalf of the limited liability company, unless the act or omission constitutes willful misconduct or recklessness.

(b) Unless otherwise provided in a written operating agreement, each member and manager must account to the limited liability company and hold as trustee for it any profit or benefit derived by the manager or member without the consent of a majority of the disinterested managers or members or other persons participating in the management of the business or affairs of the limited liability company from:

- (1) a transaction connected with the conduct or winding up of the limited liability company; or
- (2) any use by the manager or member of the limited liability company's property, including confidential or proprietary information of the limited liability company or other matters entrusted to the manager or member because of the manager's or member's status as manager or member.

(c) Unless otherwise provided in a written operating agreement, a member of a limited

liability company in which the articles of organization provide for a manager or managers and who is not a manager has no duties to the limited liability company or to the other members solely by reason of acting in the capacity as a member.

As added by P.L.8-1993, SEC.301.

IC 23-18-4-3 Affirmative vote, approval, or consent; requirements

Sec. 3. (a) Unless the articles of organization provide for a manager or managers, and except as otherwise provided in a written operating agreement or this article and subject to subsection (c), the affirmative vote, approval, or consent of a majority in interest of the members is required to decide a matter connected with the business or affairs of the limited liability company.

(b) If the articles of organization provide for more than one (1) manager and except as provided otherwise in a written operating agreement or this article, the affirmative vote, approval, or consent of a majority of the managers shall be required to decide any matter that requires the approval of the managers.

(c) Except as provided otherwise in a written operating agreement, the affirmative vote, approval, or consent of all members is required to do the following:

- (1) Amend the operating agreement.
- (2) Authorize a manager, a member, or another person to do an act on behalf of the limited liability company that contravenes the operating agreement, including a written provision of the operating agreement that expressly limits the purpose, business, affairs, or conduct of the limited liability company.

As added by P.L.8-1993, SEC.301.

IC 23-18-4-4 Written operating agreement

Sec. 4. (a) A written operating agreement may do one (1) or more of the following:

- (1) Modify, increase, decrease, limit, or eliminate the duties (including fiduciary duties) or the liability of a member or manager for breach of the duties set forth in section 2(a) of this chapter.
- (2) Provide for indemnification of a member or manager for judgments, settlements, penalties, fines, or expenses incurred in a proceeding to which a person is a party because the person is or was a member or manager.
- (3) Provide for officers of a limited liability company that is:
 - (A) managed by a manager or managers; or
 - (B) managed by a member or members;by specifying the title, powers, duties, and term of office (either perpetual or for a specific term) for each officer and the means by which each officer is to be appointed, elected, or reelected, or by authorizing in the written operating agreement the authority of the manager or managers of a manager-managed limited liability company or the member or members of a member-managed limited liability company to otherwise establish officers and the titles, powers, duties, and terms of office of the officers.
- (4) Provide that one (1) or more persons who are not members or managers have the right to approve or disapprove any of one (1) or more specified actions with respect to the limited liability company, including:
 - (A) voluntary dissolution;
 - (B) merger; or
 - (C) amending the written operating agreement.

(b) If a person who is not a member or manager is given the right to approve or disapprove specified actions as permitted by subsection (a)(4), the person does not have the general right to vote with the members or managers regarding any matters unless specifically provided otherwise in the written operating agreement.

As added by P.L.8-1993, SEC.301. Amended by P.L.40-2013, SEC.8; P.L.63-2014, SEC.32.

IC 23-18-4-5 Operating agreements; objectives

Sec. 5. Members may enter into an operating agreement to regulate or establish any aspect of the affairs of the limited liability company or the relations of the members and managers, if any, including provisions establishing the following:

- (1) The manner in which the business and affairs of the limited liability company shall be managed, controlled, and operated, which may include the granting of exclusive authority to manage, control, and operate the limited liability company to managers who are not members.
- (2) The manner in which the members will share in distributions of the assets and the profits or losses of the limited liability company.
- (3) The rights of members to assign all or a portion of their interests in the limited liability company.
- (4) Classes or groups of at least one (1) member having certain relative rights, powers, and duties, including voting rights, and may provide for the future creation, in the manner provided in the operating agreement, of additional classes or groups of members having certain relative rights, powers, or duties, including voting rights, expressed either in the operating agreement or at the time the classes or groups are created, including rights, powers, or duties senior to those of at least one (1) existing class or group of members.
- (5) Classes or groups of at least one (1) manager having certain relative rights, powers, and duties, including voting rights, and may provide for the future creation, in the manner provided in the operating agreement, of additional classes or groups of managers having certain relative rights, powers, or duties, including voting rights, expressed either in the operating agreement or at the time the classes or groups are created, including rights, powers, or duties senior to those of at least one (1) existing class or group of managers.
- (6) The circumstances in which an assignee of a member's interest may be admitted as a member of the limited liability company.
- (7) The procedure for the following:
 - (A) The right to have a member's interest in the limited liability company evidenced by a certificate issued by the limited liability company.
 - (B) Assignment, pledge, or transfer of an interest represented by the certificate.
 - (C) Any other provisions dealing with the certificate.
- (8) The method by which the operating agreement may be amended.

As added by P.L.8-1993, SEC.301.

IC 23-18-4-6 Initial operating agreement; amendments; power of attorney

Sec. 6. (a) The initial operating agreement must be agreed to by all persons who are members at the time the initial agreement is accepted.

(b) An amendment to an oral operating agreement must be approved by the unanimous consent of all members.

(c) An amendment to a written operating agreement must be in writing and must, unless otherwise provided in the operating agreement before the amendment, be approved by the unanimous consent of all members.

(d) A copy of any written amendment to an operating agreement must be delivered to each member who did not consent to the amendment and to each assignee who has not been admitted as a member.

(e) A person may sign articles of organization, an operating agreement, or an amendment to articles of organization or an operating agreement as an attorney in fact. A power of attorney relating to the signing of a document under this subsection by an attorney in fact may but is not required to be:

- (1) sworn to, verified, or acknowledged;
- (2) signed in the presence of a notary public;

- (3) filed with the secretary of state; or
- (4) included in another written agreement.

However, the power of attorney must be retained in the records of the limited liability company.

As added by P.L.8-1993, SEC.301. Amended by P.L.130-2006, SEC.27.

IC 23-18-4-7 Enforcement of operating agreement; injunctive or other relief

Sec. 7. (a) A court may enforce an operating agreement by injunction or by granting other relief that the court in its discretion determines to be fair and appropriate in the circumstances.

(b) As an alternative to injunctive or other equitable relief, when the provisions under IC 23-18-9-2 are applicable, the court may order dissolution of the limited liability company.

As added by P.L.8-1993, SEC.301.

IC 23-18-4-8 Records; inspection; full disclosure; omissions

Sec. 8. (a) A limited liability company must keep at its principal office the following records and information:

- (1) A list with the full name and last known mailing address of each member and manager, if any, of the limited liability company from the date of organization.
- (2) A copy of the articles of organization and all amendments.
- (3) Copies of the limited liability company's federal, state, and local income tax returns and financial statements, if any, for the three (3) most recent years, or if the returns and statements were not prepared, copies of the information and statements provided to or that should have been provided to the members to enable them to prepare their federal, state, and local tax returns for the same period.
- (4) Copies of any written operating agreements and all amendments and copies of any written operating agreements no longer in effect.
- (5) Unless otherwise set forth in a written operating agreement, a writing setting out the following:
 - (A) The amount of cash, if any, and a statement of the agreed value of other property or services contributed by each member and the times at which or events upon the happening of which any additional contributions agreed to be made by each member are to be made.
 - (B) The events, if any, upon the happening of which the limited liability company is to be dissolved and its affairs wound up.
 - (C) Other writings, if any, required by the operating agreement.

(b) A member may, at the member's own expense, inspect and copy the limited liability company records described in subsection (a) where the records are located during ordinary business hours if the member gives the limited liability company written notice of the member's request at least five (5) business days before the date on which the member wishes to inspect and copy the records.

(c) Unless greater rights of access to records or other information are provided in a written operating agreement, members or managers, if any, shall give to the extent the circumstances allow just, reasonable, true, and full information of all things affecting the members to any member or to the legal representative of any deceased member or of any member under legal disability upon reasonable demand for any purpose reasonably related to a member's interest as a member of the limited liability company.

(d) If a limited liability company is managed by one (1) or more managers, a member or the legal representative of a deceased member or a member under a legal disability may obtain information under subsection (c) only if:

- (1) the member makes the request at least five (5) business days before the date on which the member wishes to obtain the information;
- (2) the member makes the request in good faith and for a proper purpose;

(3) the member describes with reasonable particularity the member's purpose and the information that the member wishes to obtain; and

(4) the information is directly connected to the member's purpose.

(e) Failure of the limited liability company to keep or maintain the records or information required by this section is not grounds for imposing liability on any member for the debts and obligations of the limited liability company.

As added by P.L.8-1993, SEC.301. Amended by P.L.130-2006, SEC.28; P.L.1-2007, SEC.163.

IC 23-18-4-9 Managerial omissions; penalties or consequences

Sec. 9. If set forth in writing, an operating agreement may provide that:

(1) a manager who fails to perform and comply with the terms and conditions of the operating agreement is subject to penalties or consequences specified in the operating agreement; and

(2) at the time or upon the happening of events specified in the operating agreement, a manager is subject to penalties or consequences specified in the operating agreement.

As added by P.L.8-1993, SEC.301.

IC 23-18-4-10 Good faith reliance on records by members or managers; liability

Sec. 10. A member or manager of a limited liability company is not liable when relying in good faith upon the records of the limited liability company and on the information, opinions, reports, or statements presented to the limited liability company by its other managers, members, agents, or employees, or by any other person, concerning matters the member or manager reasonably believes are within the other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the limited liability company, including information, opinions, reports, or statements concerning the value and amount of the assets, liabilities, profits, or losses of the limited liability company or other facts pertinent to the existence and amount of assets from which distributions to members might properly be paid.

As added by P.L.8-1993, SEC.301.

IC 23-18-4-11 Resignation of manager

Sec. 11. (a) A manager may resign as a manager of a limited liability company at the time or upon the happening of events specified in an operating agreement and in accordance with the operating agreement.

(b) A written operating agreement may provide that a manager does not have the right to resign as a manager of a limited liability company. Notwithstanding any provision in an operating agreement to the contrary, a manager may resign as a manager of a limited liability company at any time by giving written notice to the members and other managers. If the resignation of a manager violates the operating agreement, in addition to any remedies otherwise available under applicable law, a limited liability company may recover from the resigning manager damages for breach of the operating agreement and offset the damages against the amount payable to the resigning manager.

As added by P.L.8-1993, SEC.301.

IC 23-18-4-12 Business between company and member or manager

Sec. 12. Except when prohibited in a written operating agreement, a member or manager may lend money to and transact other business with the limited liability company and, subject to other applicable law, has the same rights and obligations with respect to the transaction as a person who is not a member or manager.

As added by P.L.8-1993, SEC.301.

IC 23-18-4-13 Policy

Sec. 13. The policy of this article is to give the maximum effect to the principle of freedom of contract and to the enforceability of operating agreements of limited liability companies.

As added by P.L.40-2013, SEC.9.

IC 23-18-5**Chapter 5. Finance**

23-18-5-1	Promises to contribute property or services; enforceability
23-18-5-2	Obligation to make capital contribution or other payment; compromise; effect; remedies or consequences of nonpayment
23-18-5-3	Allocation of profits and losses
23-18-5-4	Shared distributions of cash or other assets
23-18-5-5	Dissociation; companies existing on or before June 30, 1999
23-18-5-5.1	Dissociation; companies formed after June 30, 1999
23-18-5-6	Distributions
23-18-5-7	Unlawful distributions; liability
23-18-5-8	Distributions in kind
23-18-5-9	Status of member entitled to receive distribution

IC 23-18-5-1**Promises to contribute property or services; enforceability**

Sec. 1. (a) A promise by a member to make a contribution to the limited liability company is not enforceable unless the promise is written and signed by the member.

(b) Except as otherwise provided in a written operating agreement, a member is obligated to the limited liability company to perform any enforceable promise to contribute cash or property or to perform services, even if the member is unable to perform for any reason, including death and disability.

(c) If a member does not make the required contribution of property or services, the member is obligated, at the option of the limited liability company, to contribute cash equal to the value of that portion of the contribution that has not been made. This option is in addition to and not in lieu of any other rights, including the right to specific performance, that the limited liability company may have against the member under the operating agreement or applicable law.

As added by P.L. 8-1993, SEC.301.

IC 23-18-5-2**Obligation to make capital contribution or other payment; compromise; effect; remedies or consequences of nonpayment**

Sec. 2. (a) The obligation of a member to make a capital contribution or return money or other property paid or distributed in violation of this article may be compromised only:

- (1) in compliance with a written operating agreement; or
- (2) if a written operating agreement does not so provide, with the unanimous consent of the members.

(b) Any compromise does not affect the rights, if any, of any creditor of a limited liability company who, before the compromise, extends credit or acts in reliance on the obligation after the member signs a writing that reflects the obligation.

(c) An operating agreement may provide that a member who fails to make a capital contribution or other payment that the member is required to make is subject to specified remedies for or specified consequences of the failure. The remedy or consequence may include the following form:

- (1) Reducing the defaulting member's interest in the limited liability company.
- (2) Subordinating the defaulting member's interest in the limited liability company to that of nondefaulting members.
- (3) A forced sale of the defaulting member's interest in the limited liability company.
- (4) Forfeiture of the defaulting member's interest in the limited liability company.
- (5) A loan by the nondefaulting members of the amount necessary to meet the commitment.
- (6) A determination of the value of the member's interest in the limited liability company by appraisal or by formula and redemption and sale of the defaulting member's interest in the limited liability company at that value.

As added by P.L. 8-1993, SEC.301.

IC 23-18-5-3 Allocation of profits and losses

Sec. 3. Unless otherwise provided in the operating agreement, profits and losses must be allocated on the basis of the agreed value, as stated in the records of the limited liability company, of the contributions made by each member to the extent the contributions have been received by the limited liability company and not previously returned.

As added by P.L.8-1993, SEC.301.

IC 23-18-5-4 Shared distributions of cash or other assets

Sec. 4. Except as provided in section 5 or 5.1 of this chapter and IC 23-18-9-6, distributions of cash or other assets of a limited liability company must be shared among the members and among classes of members in the manner provided in the operating agreement. If the operating agreement does not provide otherwise, distributions must be allocated on the basis of the agreed value, as stated in the records of the limited liability company, of the contributions made by each member to the extent the contributions have been received by the limited liability company and not previously returned. A member is entitled to receive distributions described in this section from a limited liability company to the extent and at the times or upon the happening of the events specified in the operating agreement or at the times determined by the members or managers, if any, voting under IC 23-18-4-3.

As added by P.L.8-1993, SEC.301. Amended by P.L.269-1999, SEC.3.

IC 23-18-5-5 Dissociation; companies existing on or before June 30, 1999

Sec. 5. (a) Unless otherwise provided in a written operating agreement, a limited liability company existing under this article on or before June 30, 1999, is governed by this section.

(b) Upon the occurrence of an event of dissociation under IC 23-18-6-5 that does not cause dissolution, a dissociating member is entitled to receive:

- (1) any distribution that the member is entitled to under this article or the operating agreement; and
- (2) unless otherwise provided in the operating agreement, within a reasonable time after dissociation, the fair value of the member's interest in the limited liability company as of the date of dissociation based on the member's right to share in distributions from the limited liability company, less a distribution received under subdivision (1).

As added by P.L.8-1993, SEC.301. Amended by P.L.269-1999, SEC.4; P.L.130-2006, SEC.29.

IC 23-18-5-5.1 Dissociation; companies formed after June 30, 1999

Sec. 5.1. (a) A limited liability company formed under this article after June 30, 1999, is governed by this section.

(b) Upon the occurrence of an event of dissociation under IC 23-18-6-5, a dissociating member is entitled to receive:

- (1) any distribution that the member is entitled to under this article or the operating agreement; and
- (2) unless otherwise provided in the operating agreement, within a reasonable time after dissociation, the fair value of the member's interest in the limited liability company as of the date of dissociation based on the member's right to share in distributions from the limited liability company, less a distribution received under subdivision (1).

As added by P.L.269-1999, SEC.5. Amended by P.L.130-2006, SEC.30.

IC 23-18-5-6 Distributions

Sec. 6. (a) A distribution may not be made if after giving effect to the distribution:

- (1) the limited liability company would not be able to pay its debts as the debts become due in the usual course of business; or
- (2) the limited liability company's total assets would be less than the sum of its total liabilities plus, unless the operating agreement permits otherwise, the amount that

would be needed if the affairs of the limited liability company were to be wound up at the time of the distribution to satisfy any preferential rights that are superior to the rights of members receiving the distribution.

(b) The limited liability company may base a determination that a distribution is not prohibited under subsection (a) upon one (1) of the following:

(1) Financial statements prepared on the basis of accounting practices and principles that are reasonable under the circumstances.

(2) A fair valuation of assets and liabilities or other reasonable method approved by the members or managers, if any.

(c) Except as provided in subsection (e), the effect of a distribution under subsection (a) is measured as of:

(1) the date the distribution is authorized if the payment occurs not more than one hundred twenty (120) days after the date of authorization; or

(2) the date the payment is made if it occurs more than one hundred twenty (120) days after the date of authorization.

(d) A limited liability company's indebtedness to a member incurred by reason of an obligation to make a distribution in accordance with this section is at parity with the limited liability company's indebtedness to its general unsecured creditors, except to the extent subordinated by agreement.

(e) If terms of the indebtedness provide that payment of principal and interest is to be made only if and to the extent that payment of a distribution to members could then be made under this section, indebtedness of a limited liability company, including indebtedness issued as a distribution, is not a liability for purposes of determinations made under subsection (b).

(f) If the indebtedness is issued as a distribution, each payment of principal or interest on the indebtedness is treated as a distribution, the effect of which is measured on the date the payment is actually made.

As added by P.L.8-1993, SEC.301.

IC 23-18-5-7 Unlawful distributions; liability

Sec. 7. (a) A member or manager who votes for or assents to a distribution in violation of the operating agreement or section 6 of this chapter is personally liable to the limited liability company for the amount of the distribution that exceeds the amount that could have been distributed without violating the operating agreement or section 6 of this chapter or if it is established that the member or manager did not act in compliance with section 6 of this chapter.

(b) Each member or manager held liable under subsection (a) for an unlawful distribution is entitled to contribution from the following:

(1) Each other member or manager who could be held liable under subsection (a) for the unlawful distribution.

(2) Each member for the amount the member received knowing that the distribution was made in violation of the operating agreement or section 6 of this chapter.

(c) A proceeding under this section is barred unless it is commenced not more than two (2) years after the date on which the effect of the distribution is measured under section 6 of this chapter.

As added by P.L.8-1993, SEC.301.

IC 23-18-5-8 Distributions in kind

Sec. 8. (a) Except as provided in the operating agreement, a member, regardless of the nature of the member's contribution, does not have a right to demand and receive a distribution from a limited liability company in a form other than cash.

(b) Except as provided in the operating agreement, a member may not be compelled to accept a distribution in kind from a limited liability company to the extent that the member's percentage interest in the assets being distributed in kind exceeds the percentage of

distributions that the member is entitled to receive under section 4 of this chapter.
As added by P.L.8-1993, SEC.301.

IC 23-18-5-9 Status of member entitled to receive distribution

Sec. 9. At the time a member becomes entitled to receive a distribution, the member has the status of and is entitled to all remedies available to a creditor of the limited liability company with respect to the distribution.

As added by P.L.8-1993, SEC.301.

IC 23-18-6 Chapter 6. Membership

23-18-6-0.5	Minimum membership
23-18-6-1	Acquisition of membership
23-18-6-2	Interest of member; nature
23-18-6-2.5	Member interest designated as transfer on death property or held in joint tenancy
23-18-6-3	Assignment of interest; companies existing on or before June 30, 1999
23-18-6-3.1	Assignment of interest; companies formed after June 30, 1999
23-18-6-4	Assignee membership; companies existing on or before June 30, 1999
23-18-6-4.1	Assignee membership; companies formed after June 30, 1999
23-18-6-5	Cessation of membership
23-18-6-6	Withdrawal of member; companies existing on or before June 30, 1999
23-18-6-6.1	Withdrawal of member; companies formed after June 30, 1999
23-18-6-7	Judgment creditors of members; rights

IC 23-18-6-0.5 Minimum membership

Sec. 0.5. A limited liability company formed under this article or a foreign limited liability company admitted to transact business in Indiana under IC 23-0.5-5 may have at least one (1) member.

As added by P.L.34-1997, SEC.16. Amended by P.L.118-2017, SEC.104.

IC 23-18-6-1 Acquisition of membership

Sec. 1. (a) Subject to subsection (b), a person may become a member in a limited liability company:

- (1) in the case of a person acquiring an interest directly from the limited liability company, upon compliance with the operating agreement or if the operating agreement does not provide in writing, upon the written consent of all members; and
- (2) in the case of an assignee of an interest, as provided in section 4 or 4.1 of this chapter.

(b) The effective time of admission of a member to a limited liability company is the later of the following:

- (1) The date the limited liability company is organized.
- (2) The time provided in the operating agreement, or if no time is provided, when the person's admission is reflected in the records of the limited liability company.

As added by P.L.8-1993, SEC.301. Amended by P.L.269-1999, SEC.6.

IC 23-18-6-2 Interest of member; nature

Sec. 2. The interest of a member in a limited liability company is personal property.

As added by P.L.8-1993, SEC.301.

IC 23-18-6-2.5 Member interest designated as transfer on death property or held in joint tenancy

Sec. 2.5. (a) Unless otherwise limited or prohibited in a written operating agreement, any member interest in a limited liability company:

- (1) may be designated as a transfer on death property under IC 32-17-14, with:
 - (A) the member as the owner of the interest; and
 - (B) one (1) or more transfer on death beneficiaries designated; or
- (2) may be titled and held in joint tenancy with right of survivorship between two (2) or more individuals.

(b) The following apply upon the death of a person who is the owner of a member interest designated as a transfer on death property:

- (1) Each surviving transfer on death beneficiary has the status of an assignee of all or a fractional or percentage portion of the entire member interest owned by the deceased

owner, depending on the number of surviving transfer on death beneficiaries, consistent with the transfer on death beneficiary designation, until that transfer on death beneficiary is admitted as a member of the limited liability company.

(2) The rights and obligations of each surviving transfer on death beneficiary with respect to the member interest are subject to all:

- (A) transfer restrictions;
- (B) redemption options; or
- (C) other provisions;

that apply to the member's interest or member interests generally under a written operating agreement.

(c) The following apply upon the death of a person who is the owner of a member interest held in joint tenancy:

(1) Each surviving joint tenant has the status of an assignee of all or a fractional or percentage portion of the entire member interest, depending on the number of surviving joint tenants, until the surviving joint tenant is admitted as a member of the limited liability company unless the surviving joint tenant was already a member under subsection (d) before the death of each other joint tenant.

(2) The rights and obligations of each surviving joint tenant with respect to the member interest are subject to all:

- (A) transfer restrictions;
- (B) redemption options; or
- (C) other provisions;

that apply to the member interest generally under a written operating agreement.

(d) If a member interest in a limited liability company is originally and initially issued in joint tenancy form to two (2) or more individuals, each joint tenant has the voting rights of a member unless otherwise provided in the written operating agreement. If an individual member:

- (1) receives and holds a member interest as the sole owner; and
- (2) at a later date, makes a lawful transfer of the member interest to be held in joint tenancy between the member and one (1) or more other persons;

then, unless otherwise provided in a written operating agreement, each other person, while all joint tenants are alive, has the status of an assignee of a fractional part of the member interest until the other person is admitted as a member of the limited liability company.

As added by P.L.40-2013, SEC.10. Amended by P.L.63-2014, SEC.33.

IC 23-18-6-3 Assignment of interest; companies existing on or before June 30, 1999

Sec. 3. (a) Unless otherwise provided in a written operating agreement, a limited liability company existing under this article on or before June 30, 1999, is governed by this section.

(b) Except as provided in a written operating agreement:

- (1) an interest is assignable in whole or in part;
- (2) an assignment entitles the assignee to receive, to the extent assigned, only the distributions to which the assignor would be entitled;
- (3) an assignment of an interest does not of itself dissolve the limited liability company or entitle the assignee to participate in the management and affairs of the limited liability company or to become or exercise any rights of a member;
- (4) until the assignee of an interest becomes a member, the assignor continues to be a member and to have the power to exercise any rights of a member, subject to the other members' right to remove the assignor under section 5(a)(3)(B) of this chapter;
- (5) until an assignee of an interest becomes a member, the assignee has no liability as a member solely as a result of the assignment; and
- (6) the assignor of an interest is not released from liability as a member solely as a result of the assignment.

(c) Unless otherwise provided in an operating agreement, the pledge of or granting of a security interest, lien, or other encumbrance in or against any or all of the interest of a member is not an assignment and does not cause the member to cease to be a member or to cease to have the power to exercise any rights or powers of a member.

As added by P.L. 8-1993, SEC. 301. Amended by P.L. 269-1999, SEC. 7.

IC 23-18-6-3.1 Assignment of interest; companies formed after June 30, 1999

Sec. 3.1. (a) A limited liability company formed under this article after June 30, 1999, is governed by this section.

(b) Except as provided in a written operating agreement:

- (1) an interest is assignable in whole or in part;
- (2) an assignment entitles the assignee to receive, to the extent assigned, only the distributions to which the assignor would be entitled;
- (3) an assignment of an interest does not of itself dissolve the limited liability company or entitle the assignee to participate in the management and affairs of the limited liability company or to become or exercise any rights of a member;
- (4) until an assignee of an interest becomes a member, the assignee has no liability as a member solely as a result of the assignment; and
- (5) the assignor of an interest is not released from liability as a member solely as a result of the assignment.

(c) Unless otherwise provided in an operating agreement, the pledge of or granting of a security interest, lien, or other encumbrance in or against any or all of the interest of a member is not an assignment and does not cause the member to cease to be a member or to cease to have the power to exercise any rights or powers of a member.

As added by P.L. 269-1999, SEC. 8. Amended by P.L. 14-2000, SEC. 54.

IC 23-18-6-4 Assignee membership; companies existing on or before June 30, 1999

Sec. 4. (a) Unless otherwise provided in a written operating agreement, a limited liability company existing under this article on or before June 30, 1999, is governed by this section.

(b) Except as otherwise provided in a written operating agreement, an assignee of an interest may become a member only if the other members unanimously consent. The consent of a member may be evidenced in any manner specified in writing in an operating agreement, but in the absence of a specification, consent must be evidenced by a written instrument, dated and signed by the member.

(c) An assignee who becomes a member:

- (1) has, to the extent assigned, the rights and powers and is subject to the restrictions and liabilities of a member under the articles of organization, any operating agreement, and this article; and
- (2) is liable for any obligations of the member's assignor for unpaid contributions under IC 23-18-5-1 or for any wrongful distributions under IC 23-18-5-7.

However, the assignee is not obligated for liabilities of which the assignee had no knowledge at the time the assignee became a member and that could not be ascertained from a written operating agreement.

(d) Whether or not an assignee of an interest becomes a member, the assignor is not released from the assignor's liability to the limited liability company for unpaid contributions under IC 23-18-5-1 or for any wrongful distributions under IC 23-18-5-7 that are solely a result of the assignment.

(e) Unless otherwise provided in a written operating agreement, a member who assigns the member's entire interest in the limited liability company ceases to be a member or to have the power to exercise any rights of a member when an assignee of the member's interest becomes a member with respect to the assigned interest.

As added by P.L. 8-1993, SEC. 301. Amended by P.L. 269-1999, SEC. 9.

IC 23-18-6-4.1 Assignee membership; companies formed after June 30, 1999

Sec. 4.1. (a) A limited liability company formed under this article after June 30, 1999, is governed by this section.

(b) Except as otherwise provided in a written operating agreement, if a limited liability company has at least two (2) members, an assignee of an interest may become a member only if the other members unanimously consent. The consent of a member may be evidenced in any manner specified in writing in an operating agreement, but in the absence of a specification, consent must be evidenced by a written instrument, dated and signed by the member. If a limited liability company has one (1) member, an assignee of an interest may become a member in accordance with the terms of an agreement between the assignor and the assignee.

(c) An assignee who becomes a member:

- (1) has, to the extent assigned, the rights and powers and is subject to the restrictions and liabilities of a member under the articles of organization, any operating agreement, and this article; and
- (2) is liable for any obligations of the member's assignor for unpaid contributions under IC 23-18-5-1 or for any wrongful distributions under IC 23-18-5-7.

However, the assignee is not obligated for liabilities of which the assignee had no knowledge at the time the assignee became a member and that could not be ascertained from a written operating agreement.

(d) Whether or not an assignee of an interest becomes a member, the assignor is not released from the assignor's liability to the limited liability company for unpaid contributions under IC 23-18-5-1 or for any wrongful distributions under IC 23-18-5-7 that are solely a result of the assignment.

(e) Unless otherwise provided in a written operating agreement, a member who assigns the member's entire interest in the limited liability company ceases to be a member or to have the power to exercise any rights of a member.

As added by P.L.269-1999, SEC.10.

IC 23-18-6-5 Cessation of membership

Sec. 5. (a) A person ceases to be a member of a limited liability company upon the occurrence of any of the following events:

- (1) The person withdraws from the limited liability company as provided in section 6 of this chapter.
- (2) The person ceases to be a member as provided in section 4(e) or 4.1(e) of this chapter.
- (3) The person is removed as a member:
 - (A) in accordance with the operating agreement; or
 - (B) unless otherwise provided in a written operating agreement, by the affirmative vote, approval, or consent of a majority in interest of the members after the member has assigned the member's entire interest in the limited liability company.
- (4) Unless otherwise provided in a written operating agreement or with the written consent of all other members, in the case of a member who is an individual, the individual's death.
- (5) Unless otherwise provided in a written operating agreement or with the written consent of all other members, in the case of a member who is acting as a member by virtue of being a trustee of a trust, the termination of the trust, but not merely the substitution of a new trustee.
- (6) Unless otherwise provided in a written operating agreement or with the written consent of all other members, in the case of a member that is a partnership, limited partnership, or another limited liability company, the dissolution and commencement of winding up of the partnership, limited partnership, or limited liability company.
- (7) Unless otherwise provided in a written operating agreement or with the written

consent of all other members, in the case of a member that is a corporation, the dissolution of the corporation.

(8) Unless otherwise provided in a written operating agreement or with the written consent of all other members, in the case of a member that is an estate, the distribution by the fiduciary of the estate's entire interest in the limited liability company.

(b) A written operating agreement may provide for other events that result in a person ceasing to be a member of the limited liability company, including insolvency, bankruptcy, and adjudicated incompetency.

As added by P.L.8-1993, SEC.301. Amended by P.L.269-1999, SEC.11.

IC 23-18-6-6 Withdrawal of member; companies existing on or before June 30, 1999

Sec. 6. (a) Unless otherwise provided in a written operating agreement, a limited liability company existing under this article on or before June 30, 1999, is governed by this section.

(b) Unless a written operating agreement provides that a member does not have the power to withdraw by voluntary act from a limited liability company, the member may do so at any time by giving thirty (30) days written notice to the other members or other notice required under the operating agreement. If the member has the power to withdraw but the withdrawal is a breach of the operating agreement, or the withdrawal occurs as a result of otherwise wrongful conduct of the member, the limited liability company may recover from the withdrawing member damages for breach of the operating agreement, including the reasonable cost of obtaining the replacement of services that the withdrawn member was obligated to perform. The limited liability company may offset the damages against amounts otherwise distributable to the withdrawn member, in addition to pursuing any remedies provided for in the operating agreement or available under applicable law.

(c) Unless otherwise provided in a written operating agreement, in the case of a limited liability company for a definite term or particular undertaking, a withdrawal by a member before the expiration of the term is a breach of the operating agreement.

As added by P.L.8-1993, SEC.301. Amended by P.L.269-1999, SEC.12.

IC 23-18-6-6.1 Withdrawal of member; companies formed after June 30, 1999

Sec. 6.1. (a) A limited liability company formed under this article after June 30, 1999, is governed by this section.

(b) Unless otherwise provided in a written operating agreement, a member may not withdraw from a limited liability company before the dissolution and winding up of the limited liability company. A member may withdraw from a limited liability company only at the time or upon the occurrence of events specified in the operating agreement and in accordance with the operating agreement.

As added by P.L.269-1999, SEC.13.

IC 23-18-6-7 Judgment creditors of members; rights

Sec. 7. (a) On application to a court with jurisdiction by a judgment creditor of a member, the court may charge the interest of the member in the limited liability company with the payment of the unsatisfied amount of the judgment with interest.

(b) To the extent the court charges under subsection (a), the judgment creditor has only the rights of an assignee of the member's interest in the limited liability company.

(c) This article does not deprive a member of the benefit of any exemption laws applicable to the member's interest in the limited liability company.

As added by P.L.8-1993, SEC.301.

IC 23-18-7 **Chapter 7. Repealed**
Repealed by P.L.118-2017, SEC.105.

IC 23-18-8**Chapter 8. Suits By and Against a Limited Liability Company**

23-18-8-1

Persons entitled to bring suit in name of company

23-18-8-2

Determination of lack of authority to sue; prohibited assertions

IC 23-18-8-1**Persons entitled to bring suit in name of company**

Sec. 1. Except as otherwise provided in a written operating agreement, a suit on behalf of a limited liability company may be brought in the name of the limited liability company by the following:

(1) A member of a limited liability company, whether or not the articles of organization provide for a manager or managers, who is authorized to sue by the affirmative vote of a majority in interest of the members, unless the vote of all members is required under IC 23-18-4-3. In determining the vote, the vote of a member who has an interest in the outcome of the suit that is adverse to the interest of the limited liability company shall be excluded.

(2) If the articles of organization provide for a manager or managers, a manager who is authorized to do so by the articles of organization, an operating agreement, or a vote required under IC 23-18-4-3(b). In determining the vote, the vote of a manager who has an interest in the outcome of the suit that is adverse to the interest of the limited liability company shall be excluded.

As added by P.L.8-1993, SEC.301.

IC 23-18-8-2**Determination of lack of authority to sue; prohibited assertions**

Sec. 2. A determination that a member or manager does not have authority to sue on behalf of the limited liability company under section 1 of this chapter may not be asserted for the following:

(1) As a defense to an action brought by the limited liability company.

(2) As a basis for the limited liability company to bring a subsequent suit on the same cause of action.

As added by P.L.8-1993, SEC.301.

IC 23-18-9 Chapter 9. Voluntary Dissolution

23-18-9-1	Circumstances requiring dissolution; companies existing on or before June 30, 1999
23-18-9-1.1	Circumstances requiring dissolution; companies formed after June 30, 1999
23-18-9-2	Court-decreed dissolution
23-18-9-3	Powers of dissolved company; effect of dissolution
23-18-9-4	Entities entitled to wind up company's business or affairs
23-18-9-5	Binding acts of members following dissolution
23-18-9-6	Distribution of assets
23-18-9-7	Articles of dissolution; filing
23-18-9-7.5	Revocation of dissolution
23-18-9-8	Claims
23-18-9-9	Notice of dissolution
23-18-9-10	Claimants not found or incompetent to receive assets; deposits for safekeeping; disbursement upon proof of entitlement

IC 23-18-9-1 Circumstances requiring dissolution; companies existing on or before June 30, 1999

Sec. 1. (a) Unless otherwise provided in a written operating agreement, a limited liability company existing under this article on or before June 30, 1999, is governed by this section.

(b) A limited liability company is dissolved and its affairs must be wound up on the first of the following to occur:

- (1) At the time or on the occurrence of events specified in writing in the articles of organization or operating agreement.
- (2) Written consent of all the members.
- (3) An event of dissociation occurs with respect to a member, unless the business of the limited liability company is continued by the consent of all the remaining members not more than ninety (90) days after the occurrence of the event or as otherwise provided in writing in the articles of organization or operating agreement.
- (4) Entry of a decree of judicial dissolution under section 2 of this chapter.

As added by P.L.8-1993, SEC.301. Amended by P.L.269-1999, SEC.14.

IC 23-18-9-1.1 Circumstances requiring dissolution; companies formed after June 30, 1999

Sec. 1.1. (a) A limited liability company formed under this article after June 30, 1999, is governed by this section.

(b) A limited liability company is dissolved and the limited liability company's affairs must be wound up when the first of the following occurs:

- (1) At the time or on the occurrence of events specified in writing in the articles of organization or operating agreement.
- (2) Subject to IC 23-18-4-4(a)(4)(A), for a limited liability company:
 - (A) formed under this article after June 30, 2013, the unanimous consent of the members, unless a written operating agreement provides that dissolution may be authorized by the vote of members holding fewer than all the interests in the limited liability company or holding fewer than all interests in one (1) or more classes of members; or
 - (B) formed under this article after June 30, 1999, and before July 1, 2013, if there is:
 - (i) one (1) class or group of members, written consent of two-thirds (2/3) in interest of the members; or
 - (ii) more than one (1) class or group of members, written consent of two-thirds (2/3) in interest of each class or group of members.
- (3) Entry of a decree of judicial dissolution under section 2 of this chapter.

(c) A limited liability company is dissolved and the limited liability company's affairs

must be wound up if there are no members. However, this subsection does not apply if, under a provision in the operating agreement, not more than ninety (90) days after the occurrence of the event that caused the last remaining member to cease to be a member, either:

- (1) the personal representative of the last remaining member agrees in writing:
 - (A) to continue the business of the limited liability company; and
 - (B) to the admission of the personal representative or the personal representative's nominee or designee to the limited liability company as a member; or
- (2) a member is admitted to the limited liability company in the manner provided for in the operating agreement specifically for the admission of a member to the limited liability company after the last remaining member ceases to be a member;

effective as of the time of the event that caused the last remaining member to cease to be a member.

As added by P.L.269-1999, SEC.15. Amended by P.L.130-2006, SEC.32; P.L.40-2013, SEC.12.

IC 23-18-9-2 Court-decreed dissolution

Sec. 2. On application by or for a member, the circuit or superior court of the county in which the limited liability company's principal office, or if there is none in Indiana, in which the registered office is located, may decree dissolution of the limited liability company whenever it is not reasonably practicable to carry on the business in conformity with the articles of organization or operating agreement.

As added by P.L.8-1993, SEC.301.

IC 23-18-9-3 Powers of dissolved company; effect of dissolution

Sec. 3. (a) A dissolved limited liability company may only carry on business that is appropriate to wind up and liquidate its business and affairs, including the following:

- (1) Collecting its assets.
 - (2) Disposing of properties that will not be distributed in kind to members.
 - (3) Discharging or making provision for discharging liabilities.
 - (4) Distributing the remaining property among the members.
 - (5) Doing every other act necessary to wind up and liquidate its business and affairs.
- (b) Dissolution of a limited liability company does not do the following:
- (1) Transfer title to the limited liability company's property.
 - (2) Alter the personal liability of members under IC 23-18-3-3.
 - (3) Subject members or managers to standards of conduct different from those prescribed under IC 23-18-4-2.
 - (4) Change the:
 - (A) voting requirements for members or managers;
 - (B) provisions for appointment, resignation, or removal of managers, if any; or
 - (C) provisions for amending the operating agreement.
 - (5) Prevent commencement of a proceeding by or against the limited liability company in its name.
 - (6) Abate or suspend a proceeding pending by or against the limited liability company on the effective date of dissolution.
 - (7) Terminate the authority of the registered agent of the limited liability company.

As added by P.L.8-1993, SEC.301.

IC 23-18-9-4 Entities entitled to wind up company's business or affairs

Sec. 4. Unless otherwise provided in a written operating agreement, the following may wind up the business or affairs of the limited liability company:

- (1) The members or managers with authority to manage the limited liability company under IC 23-18-4-1.
- (2) If a member or manager has engaged in wrongful conduct or upon other cause

shown, the circuit or superior court of:

(A) the county in which the limited liability company's principal office is located; or

(B) if there is none in Indiana the county in which its registered office is located;

on application by a member or the member's legal representative or assignee.

As added by P.L.8-1993, SEC.301.

IC 23-18-9-5 Binding acts of members following dissolution

Sec. 5. (a) Except as provided in subsections (c), (d), and (e), following dissolution a member may bind the limited liability company:

(1) by an act appropriate for winding up the affairs of the limited liability company or completing transactions unfinished at the time of dissolution; and

(2) in a transaction that would have been binding on the limited liability company had the limited liability company not been dissolved if each party to the transaction does not have notice of the dissolution.

(b) The filing of articles of dissolution under section 7 of this chapter constitutes notice of dissolution for purposes of subsection (a)(2).

(c) An act of a member that is not binding on the limited liability company under subsection (a) is binding if the act is authorized by the limited liability company.

(d) An act of a member that would be binding under subsection (a) or would be authorized except for a restriction on authority does not bind the limited liability company to persons having knowledge of the restriction.

(e) If the articles of organization provide for a manager or managers and the manager or managers have delegated the exclusive authority to manage the affairs of the limited liability company, then a manager has the authority of a member under subsection (a), and a member does not have authority while acting solely in the capacity of a member.

As added by P.L.8-1993, SEC.301.

IC 23-18-9-6 Distribution of assets

Sec. 6. Upon the winding up of a limited liability company, the assets must be distributed as follows:

(1) To creditors, including members and managers who are creditors to the extent permitted by law, to satisfy the liabilities of the limited liability company whether by payment or by the establishment of adequate reserves except for liabilities for distributions to members under IC 23-18-5-4, and IC 23-18-5-5 or IC 23-18-5-5.1.

(2) Unless otherwise provided in a written operating agreement, to members and former members to satisfy the liabilities for distributions under IC 23-18-5-4 and IC 23-18-5-5.

(3) Unless otherwise provided in a written operating agreement, to members in proportion to the returned contribution.

As added by P.L.8-1993, SEC.301. Amended by P.L.269-1999, SEC.16.

IC 23-18-9-7 Articles of dissolution; filing

Sec. 7. At any time after a limited liability company dissolves, the limited liability company may deliver to the secretary of state for filing articles of dissolution setting forth the following:

(1) The name of the limited liability company.

(2) The date of filing of the articles of organization.

(3) The address of the principal office of the limited liability company.

(4) The date dissolution occurred.

(5) Other information the members or managers filing the articles determine.

As added by P.L.8-1993, SEC.301.

IC 23-18-9-7.5 Revocation of dissolution

Sec. 7.5. (a) A limited liability company may revoke its dissolution within one hundred

twenty (120) days of its effective date.

(b) Revocation of dissolution must be authorized in the same manner as the dissolution was authorized unless the authorization for dissolution permitted revocation of the dissolution by action of the managers alone. If the authorization for dissolution permitted revocation of the dissolution by action of the managers alone, the managers may revoke the dissolution without member action.

(c) After the revocation of dissolution is authorized, the limited liability company may revoke the dissolution by delivering to the secretary of state for filing articles of dissolution and articles of revocation of dissolution. The articles of revocation of dissolution must set forth the following:

- (1) The name of the limited liability company.
- (2) The effective date of the revocation of dissolution.
- (3) The date that the revocation of dissolution was authorized.
- (4) If applicable, a statement that the limited liability company's members or managers revoked the dissolution.
- (5) If the limited liability company's members or managers revoked a dissolution authorized by the members or managers, a statement that the authorization permitted revocation of the dissolution by action of the members or of the managers alone.

(d) Unless otherwise specified, a revocation of dissolution is effective when articles of revocation of dissolution are filed.

(e) A revocation of dissolution relates back to and takes effect as of the effective date of the dissolution. A limited liability company whose dissolution is revoked resumes carrying on business as if there had been no dissolution.

As added by P.L.130-2006, SEC.33. Amended by P.L.1-2007, SEC.164.

IC 23-18-9-8 Claims

Sec. 8. (a) As used in this section, "claim" does not include a contingent liability or a claim based on an event occurring after the date of dissolution.

(b) A dissolved limited liability company may dispose of the known claims against it by following the procedure described in this section.

(c) The dissolved limited liability company shall notify known claimants in writing of the dissolution at any time after the dissolution. The written notice must contain the following:

- (1) The amount that the dissolved limited liability company believes will satisfy the claim.
- (2) A statement that the creditor has the right to dispute the amount of the claim and a description of the procedure for disputing the amount of the claim.
- (3) A mailing address where a dispute of the amount of the claim may be sent.
- (4) The deadline for receiving disputing claims. The deadline may not be less than sixty (60) days after the effective date of the written notice.
- (5) A statement that the claim will be fixed at the amount specified by the dissolved limited liability company if a dispute of the amount of the claim is not received by the deadline.

(d) If the amount of the claim is disputed, the claimant must notify the dissolved limited liability company of the dispute by the deadline. If the dissolved limited liability company rejects the disputed amount, the claimant must commence a proceeding to enforce the claim not more than ninety (90) days after the effective date of the limited liability company's rejection notice.

(e) The amount of the claim is fixed under one (1) of the following conditions:

- (1) The claimant does not notify the dissolved limited liability company by the deadline.
- (2) The claimant has notified the dissolved limited liability company of a dispute and has received a rejection notice and does not commence a proceeding within ninety (90) days from the effective date of the rejection notice.

(f) Regardless of a dispute in the amount of the claim, the dissolved limited liability company must tender to the claimant the amount of the claim specified in the notice of the claim given under subsection (c) not more than thirty (30) days after the earlier of the following dates:

(1) The date that the claim becomes fixed.

(2) The date that the claimant commences the proceeding to enforce the claim.

As added by P.L.8-1993, SEC.301.

IC 23-18-9-9 Notice of dissolution

Sec. 9. (a) A dissolved limited liability company may publish notice of its dissolution and request that persons with claims against the limited liability company present them in accordance with the notice.

(b) The notice must meet the following requirements:

(1) Be published one (1) time in a newspaper of general circulation in the county where the dissolved limited liability company's principal office, or if there is none in Indiana its registered office, is or was last located.

(2) Describe the information that must be included in a claim and provide a mailing address where the claim may be sent.

(3) State that a claim against the limited liability company will be barred unless a proceeding to enforce the claim is commenced not more than two (2) years after the publication of the notice.

(c) If the dissolved limited liability company publishes a notice in accordance with subsection (b), the claim of each of the following claimants is barred unless the claimant commences a proceeding to enforce the claim against the dissolved limited liability company not more than two (2) years after the publication date of the notice:

(1) A claimant who did not receive written notice under section 8 of this chapter.

(2) A claimant whose claim was timely sent to the dissolved limited liability company but not acted on.

(3) A claimant whose claim is contingent or based on an event occurring after the date of dissolution.

(d) A claim may be enforced under this section:

(1) against the dissolved limited liability company to the extent of its undistributed assets; or

(2) if the assets have been distributed in liquidation, against a member of the dissolved limited liability company to the extent of the member's pro rata share of the claim or the assets distributed to the member in liquidation, whichever is less, but a member's total liability for all claims under this section may not exceed the total amount of assets distributed to the member.

As added by P.L.8-1993, SEC.301.

IC 23-18-9-10 Claimants not found or incompetent to receive assets; deposits for safekeeping; disbursement upon proof of entitlement

Sec. 10. Assets of a dissolved limited liability company that should be transferred to a creditor, claimant, or member of the limited liability company who cannot be found or who is not competent to receive the assets must be reduced to cash and deposited with the treasurer of state or other appropriate state official for safekeeping. When the creditor, claimant, or member furnishes satisfactory proof of entitlement to the amount deposited, the treasurer of state or other appropriate state official must pay to the creditor, claimant, or member or a representative of the creditor, claimant, or member that amount.

As added by P.L.8-1993, SEC.301.

IC 23-18-10 Chapter 10. Repealed
Repealed by P.L.118-2017, SEC.106.

IC 23-18-11 Chapter 11. Repealed
Repealed by P.L.118-2017, SEC.107.

IC 23-18-12 **Chapter 12. Repealed**
Repealed by P.L.118-2017, SEC.108.

IC 23-18-13 Chapter 13. Applicability of Other Provisions

23-18-13-1 Application of state and federal constitutions; IC 1-1
23-18-13-2 References

IC 23-18-13-1 Application of state and federal constitutions; IC 1-1

Sec. 1. All provisions of the Constitution of the United States, the Constitution of the State of Indiana, and IC 1-1 apply to this article.

As added by P.L.8-1993, SEC.301.

IC 23-18-13-2 References

Sec. 2. All references to this article in the articles of organization, operating agreement, and other rules that govern the internal affairs of a limited liability company are considered references to IC 23-0.5 and IC 23-0.6 also.

As added by P.L.118-2017, SEC.109.